



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5836

by Rep. Dwight Kay

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/224 new

Creates the Business Investment in Higher Education Act and amends the Illinois Income Tax Act. Requires the Illinois Student Assistance Commission to establish and administer a program in which businesses in this State provide scholarships to eligible students who agree to practice in professions in areas of this State demonstrating the greatest need. Provides that, prior to receiving scholarship assistance for any academic year from a business, the scholarship recipient shall be required by the business to sign an agreement under which the recipient pledges to practice full-time in a profession agreed upon with the business in an area of this State agreed upon with the business one year for each year he or she is a scholarship recipient. Sets forth provisions concerning the failure of recipient to fulfill the scholarship obligation. Requires the Commission to adopt rules to implement the program. Provides for a tax credit for contributions made to the scholarships.

LRB098 19383 NHT 54539 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Business Investment in Higher Education Act.

6 Section 5. Purpose. The purpose of this Act is to establish
7 a program in which businesses in this State provide
8 scholarships to college students who agree to practice in
9 professions in areas of this State demonstrating the greatest
10 need. The program shall encourage college graduates to locate
11 in areas where manpower shortages exist and to increase the
12 total number of college graduates in this State.

13 Section 10. Definitions. In this Act:

14 "Commission" means the Illinois Student Assistance
15 Commission.

16 "Eligible student" means a person who meets all of the
17 following qualifications:

18 (1) He or she is a United States citizen or eligible
19 noncitizen and a resident of this State.

20 (2) He or she is enrolled or accepted for enrollment at
21 an institution of higher learning.

22 (3) He or she exhibits financial need, as determined by

1 the Commission.

2 (4) He or she agrees to practice full-time in an
3 agreed-upon profession in an agreed-upon area of this State
4 one year for each year he or she is a scholarship
5 recipient.

6 "Institution of higher learning" means an institution of
7 higher learning as defined in the Higher Education Student
8 Assistance Act.

9 Section 15. Establishment of program.

10 (a) The Commission shall establish and administer a program
11 in which businesses in this State provide scholarships to
12 eligible students who agree to practice in professions in areas
13 of this State demonstrating the greatest need. Each scholarship
14 awarded under this Section shall be in an amount sufficient to
15 pay the tuition and fees of the institution of higher learning
16 at which the recipient is enrolled and shall be paid to the
17 institution of higher learning on behalf of the recipient.

18 Prior to receiving scholarship assistance for any academic
19 year from a business, the scholarship recipient shall be
20 required by the business to sign an agreement under which the
21 recipient pledges to practice full-time in a profession agreed
22 upon with the business in an area of this State agreed upon
23 with the business one year for each year he or she is a
24 scholarship recipient and shall, upon request of the business,
25 provide the business with evidence that he or she is fulfilling

1 or has fulfilled the terms of the agreement.

2 (b) The Commission shall, by rule, adopt criteria for
3 applying for and awarding scholarships, including standards of
4 financial need, and for the agreement provided for in
5 subsection (a) of this Section.

6 Section 20. Failure to fulfill scholarship obligation.
7 Scholarship recipients who fail to fulfill the obligation
8 described in subsection (a) of Section 15 of this Act shall pay
9 to the business an amount equal to 3 times the amount of the
10 annual scholarship received for each unfulfilled year of the
11 obligation, together with interest at 7% per year on that
12 amount. However, this obligation to repay does not apply when
13 the failure to fulfill the obligation results from
14 involuntarily leaving a profession due to a decrease in the
15 number of persons employed in that profession in this State or
16 from the death or adjudication as incompetent of the
17 scholarship recipient. No claim for repayment may be filed
18 against the estate of such a decedent or incompetent.

19 Each person applying for a scholarship under this Act shall
20 be provided with a copy of this Section at the time he or she
21 applies for the benefits of the scholarship.

22 Section 90. Rules. The Commission shall adopt all rules
23 necessary to implement this Act.

1 Section 100. The Illinois Income Tax Act is amended by
2 adding Section 224 as follows:

3 (35 ILCS 5/224 new)

4 Sec. 224. Business Investment in Higher Education Tax
5 Credit.

6 (a) For taxable years ending on or after December 31, 2015,
7 a taxpayer shall be allowed a credit against the tax imposed
8 under subsections (a) and (b) of Section 201 of this Act for
9 contributions made during the taxable year to scholarships
10 under the Business Investment in Higher Education Act. The
11 credit allowed against the tax imposed by subsections (a) and
12 (b) of Section 201 of this Act shall be equal to 100% of the
13 contribution made during the taxable year to scholarships under
14 the Business Investment in Higher Education Act. However, the
15 maximum amount that may be credited is \$250,000 or 50% of a
16 taxpayer's liability for the previous year, whichever is more.

17 (b) For partners, shareholders of Subchapter S
18 corporations, and owners of limited liability companies, if the
19 liability company is treated as a partnership for purposes of
20 federal and State income taxation, there is allowed a credit
21 under this Section to be determined in accordance with the
22 determination of income and distributive share of income under
23 Sections 702 and 704 and Subchapter S of the Internal Revenue
24 Code.

25 (c) Any credit under this Section in excess of the tax

1 liability for the taxable year may be carried forward. A
2 taxpayer may elect to have the unused credit shown on the final
3 completed return carried over as a credit against the tax
4 liability for the following 5 taxable years or until it has
5 been fully used, whichever occurs first; provided that no
6 credit earned in a tax year ending prior to December 31, 2020
7 may be carried forward to any year ending on or after December
8 31, 2020.

9 If an unused credit under this Section is carried forward
10 to a given year from 2 or more earlier years, that credit
11 arising in the earliest year will be applied first against the
12 tax liability for the given year. If a tax liability for the
13 given year still remains, the credit from the next earliest
14 year will then be applied, and so on, until all credits have
15 been used or no tax liability for the given year remains. Any
16 remaining unused credit or credits then will be carried forward
17 to the next following year in which a tax liability is
18 incurred, except that no credit may be carried forward to a
19 year that is more than 5 years after the year in which the
20 expense for which the credit is given was incurred.